

STATEMENT OF CONSIDERATIONS

CLASS WAIVER OF THE GOVERNMENT'S U.S. AND FOREIGN PATENT RIGHTS IN INVENTIONS MADE IN THE PERFORMANCE OF COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENTS ENTERED INTO BY FACILITIES UNDER COGNIZANT CONTROL OF THE NEVADA OPERATIONS OFFICE PURSUANT TO THE DEPARTMENT OF ENERGY'S EG&G ENERGY MEASUREMENTS, INC., MANAGEMENT AND OPERATING CONTRACT NO. DE-AC08-93NV11265 - W(C)95-006

EG&G ENERGY MEASUREMENTS, INC., (Contractor), manages and operates a portion of the Nevada Test Site and other facilities under cognizant control of the Nevada Operations Office for the Department of Energy (DOE) under Prime Contract No. DE-AC08-93NV11265 (Prime Contract). Contractor is organized as a large, for-profit corporation.

The Nevada Test Site is a Government-owned, Contractor-operated facility located near Las Vegas, Nevada and is a part of the DOE nuclear weapons complex. The recent modification of Section 91 of the Atomic Energy Act, coupled with the National Competitiveness Technology Transfer Act of 1989 (NCTTA)(P.L. 101-189), clarified that technology transfer is a mission of Defense Programs consistent with the national security mission. All parts of the Defense Program (DP) complex including laboratories, test sites, and production facilities participate in the DOE technology transfer mission, consistent with statutory authority, their capabilities and program mission responsibilities. The nuclear weapons production plants possess an abundance of technology that would be useful to the private sector to enhance U.S. Competitiveness. This technology, although developed as part of DOE's national security mission for the most part, has non-weapons applications which can be transferred to the private sector without any compromise of national security.

Until recently, nuclear weapons production plants did not have the authority to enter directly into Cooperative Research and Development Agreements (CRADAs). Recently, however, under Section 3160 of the National Defense Authorization Act for Fiscal Year 1994 (P.L. 103-160), the DOE has been authorized to permit nuclear weapons production plants to negotiate and participate in CRADAs with one or more non-Federal parties (hereinafter "Participant").

A pending Class Waiver has been submitted to permit EG&G Energy Measurements to take title to subject inventions made by its employees under its Prime Contract.

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Class Advance Waiver to Participants' Inventions

The scope of this Class Waiver is directed to an advance waiver to the Participant of inventions made by employees of, or persons acting on behalf of Participants under the class of CRADAs entered into by Participants with Contractor under the Prime Contract pursuant to the Act. Since CRADAs do not fall within the definition of "funding agreements" of Public Law 96-517, the patent policy set forth therein as applicable to small businesses and non-profit organizations does not apply. Hence, inventions made by any small business, non-profit organization or for-profit large business Participants to the CRADA are intended to be covered by this Class Waiver.

With respect to the advance Class Waiver to the class of CRADAs under the Act, it is expected that Contractor will negotiate agreements that provide for a substantial cost sharing of the joint research effort by the Participants, thereby achieving a leveraging of the Government-funded portion of the joint work. In so doing, this advance Class Waiver is seen to be an extension of existing DOE patent waiver policy which recognizes that substantial cost sharing by Participants is an indication of commitment by the Participants to advance the technology and effect commercial utilization. Additionally, the work being performed under CRADAs will typically be driven by Participants' needs and will most likely be of near term commercial value hence, it is believed that the granting of the advance Class Waiver of inventions made by Participants under CRADAs will also make the benefits of the CRADA research widely available to the public in the shortest practicable time and promote the commercial utilization of the waived inventions.

Further, it is believed that technology transfer will be enhanced by both Contractor and the CRADA Participant, as appropriate, being able to offer, for commercialization purposes, waived inventions with other related inventions and intellectual property.

Implementation of the advance Class Waiver is to be by execution of the OAK/NV approved CRADA. Participants' cost of filing and maintaining any patent application(s) or patent(s) on their inventions will be at private expense.

It is expected that in negotiating the commercialization rights to the waived inventions (including background inventions owned by the parties, if any), Contractor and the Participant will be guided by the respective equities of the parties, the small business status of the Participant, if applicable, and the overall objective of attempting to secure the most expeditious commercialization route for moving the technology from the research stage to the marketplace. Hence, after good faith negotiation of the commercialization rights and disposition of rights of waived inventions, it is recognized that the parties may conclude, in order to achieve the above objectives, that either Contractor or the Participant should hold

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title to all of the inventions made under the CRADA. When this occurs, DOE can not disapprove of the submitted CRADA on the basis of the disposition of rights of waived inventions as set forth in the CRADA and permitted by this Class Waiver.

The scope of this Class Waiver to the identified inventions of Participants under CRADAs entered into under the Act does not include inventions which:

- (1) Fall within DOE's weapons programs, which inventions principally relate to weapons or inherently disclose or suggest a weapons application where such disclosure or suggestion would be detrimental to national security;
- (2) Relate to the Naval Nuclear Propulsion Program;
- (3) Relate to the Uranium Enrichment (including Isotope Separation) Program;
- (4) Are classified or sensitive under Section 148 of the Atomic Energy Act of 1954, as amended;
- (5) Are included in international agreements or treaties;
- (6) Are covered by existing or future Class Waivers granted to third parties by DOE, such as "Work for Others;" or
- (7) Fall within any further exceptions which may, in the national interest, be unilaterally designated by the Secretary.

This waiver of the Government's rights in inventions to Participant as set forth herein is subject to the Government's retention of (1) a non-exclusive, non-transferable, irrevocable, paid-up license to practice or to have practiced for or on behalf of the United States the waived inventions throughout the world, and (2) march-in rights comparable to those set out in 35 U.S.C. 203.

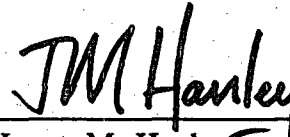
The grant of this Class Waiver should not result in adverse effects on competition or market concentration. DOE has the right to require periodic reports on the utilization or the efforts at obtaining utilization that are being made for the waived inventions. If Participant is not making reasonable efforts to utilize a waived invention, DOE can exercise its march-in rights and require licensing of the invention.

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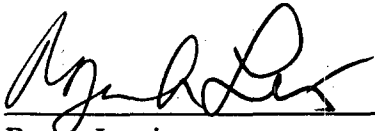
Accordingly, in view of the statutory objectives to be obtained and the factors to be considered under DOE's statutory waiver policy, the objectives of Section 3160 of the National Defense Authorization Act for Fiscal Year 1994 (P.L. 103-160), all of which have been considered, it is submitted that the Class Waiver as set forth above will best serve the interest of the United States and the general public. It is therefore recommended that the waiver be granted.



James M. Hanley
Assistant Chief Counsel for
Intellectual Property
Oakland Operations Office, CA

Based on the foregoing Statement of Considerations, it is determined that the interests of the United States and the general public will best be served by waiver of the United States and foreign patent rights as set forth herein and, therefore, the waiver is granted. This waiver shall not affect any waiver previously granted.

CONCURRENCE:



Roger Lewis
Director, Office of Technology
Utilization

Date _____

Victor H. Reis
Assistant Secretary for Defense
Programs

Date _____

APPROVED:

Paul Gottlieb, Assistant General Counsel
for Intellectual Property and Technology Transfer

Date _____

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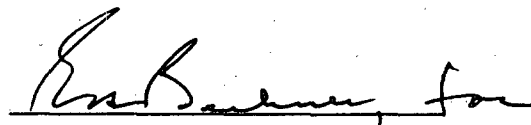
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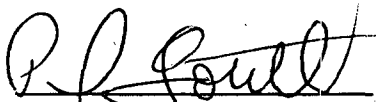
Date _____



Victor H. Reis
Assistant Secretary for Defense
Programs

Date 7/10/95

APPROVED:



Paul Gottlieb, Assistant General Counsel
for Intellectual Property and Technology Transfer

Date 2-12-95